

Introduced by Senator Chesbro

February 10, 2005

An act to amend Section 1367.2 of the Health and Safety Code, and to amend Section 10123.6 of the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 189, as introduced, Chesbro. Health care coverage: substance related disorders.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a violation of the act's requirements a crime. Existing law also provides for the licensure and regulation of health insurers by the Department of Insurance. Existing law requires a health care service plan and a health insurer to offer coverage for the treatment of alcoholism.

This bill would require a health care service plan and health insurer to provide coverage for the medically necessary treatment of substance related disorders, excluding caffeine-related disorders, on the same basis as coverage is provided for any other medical condition. The bill would authorize a plan and insurer to limit nonhospital residential care, as defined, to 60 days per calendar year.

Because a willful violation of the bill's requirements with respect to health care service plans would be a crime, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1367.2 of the Health and Safety Code is
2 amended to read:

3 1367.2. (a) On and after January 1, 1990, every health care
4 service plan that covers hospital, medical, or surgical expenses
5 on a group basis shall offer coverage for the treatment of
6 alcoholism under ~~such~~ terms and conditions as may be agreed
7 upon between the group subscriber and the health care service
8 plan. ~~Every~~ The plan shall communicate the availability of ~~such~~
9 ~~this~~ coverage to all group subscribers and to all prospective
10 group subscribers with whom they are negotiating.

11 ~~(b) If the group subscriber or policyholder agrees to such~~
12 ~~coverage or to coverage for treatment of chemical dependency, or~~
13 ~~nicotine use, the treatment may take place in facilities licensed to~~
14 ~~provide alcoholism or chemical dependency services under~~
15 ~~Chapter 2 (commencing with Section 1250) of Division 2-A~~
16 ~~health care service plan contract issued, amended, or renewed~~
17 ~~on or after January 1, 2006, that provides hospital, medical, or~~
18 ~~surgical expenses on a group or individual basis shall provide~~
19 ~~coverage for the medically necessary treatment of substance~~
20 ~~related disorders, with the exception of caffeine-related disorders,~~
21 ~~as listed in the Diagnostic and Statistical Manual of Mental~~
22 ~~Disorders IV, published by the American Psychiatric~~
23 ~~Association, in a nondiscriminatory manner on the same basis as~~
24 ~~any other medical care.~~

25 (c) A health care service plan shall provide the continuum of
26 clinically effective and appropriate services and continuing
27 treatment by a licensed physician and surgeon, a licensed
28 psychologist, a licensed marriage and family therapist, or other
29 provider licensed or certified in the treatment of substance
30 related disorders or in a facility licensed or certified by the
31 Department of Alcohol and Drug Programs or the State
32 Department of Health Services.

(d) Coverage and funding shall be the same as benefits covering other physical illness, including medications, with the same costsharing provisions, deductibles, appropriate caps or limits on the number of outpatient visits, residential or inpatient treatment days, payments, lifetime benefits, and catastrophic coverage.

(e) A health care service plan shall communicate the availability of this coverage to all enrollees and to all prospective subscribers with whom it is negotiating.

(f) Compliance with this section shall be monitored by the Department of Managed Health Care.

(g) A health care service plan may limit nonhospital residential care to 60 days per calendar year. For purposes of this section, "nonhospital residential care" means the provision of medical, nursing, counseling, or therapeutic services to patients suffering from substance-related disorders in a short or longterm residential environment, according to individualized treatment plans.

(h) For purposes of compliance with this section, a plan may provide coverage for all or part of the substance-related services required by this section through a separate specialized health care service plan or substance abuse plan and is not required to obtain an additional or specialized license for this purpose.

(i) The provisions of this section do not apply to MediCal, visiononly, dentalonly, accidentonly, specified disease, hospital indemnity, Medicare supplement, or longterm care coverage.

SEC. 2. Section 10123.6 of the Insurance Code is amended to read:

10123.6. (a) On and after January 1, 1990, every insurer issuing group ~~disability health insurance which covers hospital, medical, or surgical expenses~~ shall offer coverage for the treatment of alcoholism under ~~such~~ terms and conditions as may be agreed upon between the group policyholder and the insurer. ~~Every~~ An insurer shall communicate the availability of ~~such~~ this coverage to all group policyholders and to all prospective group policyholders with whom ~~they are~~ it is negotiating.

~~If the group subscriber or policyholder agrees to such coverage or to coverage for treatment of chemical dependency, or nicotine use, the treatment may take place in facilities licensed to provide alcoholism or chemical dependency services under Chapter 2~~

1 ~~(commencing with Section 1250) of Division 2 of the Health and~~
2 ~~Safety Code.~~

3 ~~Treatment for nicotine use may be subject to separate~~
4 ~~deductibles, copayments, and overall cost limitations as~~
5 ~~determined by the policy.~~

6 *(b) A policy of health insurance that is issued, amended, or*
7 *renewed on or after January 1, 2006, shall provide coverage for*
8 *the treatment of substancerelated disorders, with the exception of*
9 *caffeinerelated disorders, as listed in the Diagnostic and*
10 *Statistical Manual of Mental Disorders IV, published by the*
11 *American Psychiatric Association, in a nondiscriminatory*
12 *manner on the same basis as any other medical condition.*

13 *(c) An insurer shall provide the continuum of clinically*
14 *effective and appropriate services and continuing treatment by a*
15 *licensed physician and surgeon, a licensed psychologist, a*
16 *licensed marriage and family therapist, or other provider*
17 *licensed or certified in the treatment of substancerelated*
18 *disorders or in a facility licensed or certified by the Department*
19 *of Alcohol and Drug Programs or the State Department of*
20 *Health Services.*

21 *(d) Coverage and funding shall be the same as benefits*
22 *covering other physical illness, including medications, with the*
23 *same costsharing provisions, deductibles, appropriate caps or*
24 *limits on the number of outpatient visits, residential or inpatient*
25 *treatment days, payments, lifetime benefits, and catastrophic*
26 *coverage.*

27 *(e) An insurer shall communicate the availability of this*
28 *coverage to all policyholders and to all prospective*
29 *policyholders with whom it is negotiating.*

30 *(f) Compliance with this section shall be monitored by the*
31 *Department of Insurance.*

32 *(g) A health insurance policy may limit nonhospital residential*
33 *care to 60 days per calendar year. For purposes of this section,*
34 *“nonhospital residential care” means the provision of medical,*
35 *nursing, counseling, or therapeutic services to patients suffering*
36 *from substancerelated disorders in a short or longterm*
37 *residential environment, according to individualized treatment*
38 *plans.*

39 *(h) For purposes of compliance with this section, a health*
40 *insurer may provide coverage for all or part of the substance-*

1 *related services required by this section through a separate*
2 *specialized health insurance policy or substance abuse insurance*
3 *policy and is not required to obtain an additional or specialized*
4 *license for this purpose.*

5 *(i) The provisions of this section do not apply to MediCal,*
6 *visiononly, dentalonly, accidentonly, specified disease, hospital*
7 *indemnity, Medicare supplement, or long-term care coverage.*

8 SEC. 3. No reimbursement is required by this act pursuant to
9 Section 6 of Article XIII B of the California Constitution because
10 the only costs that may be incurred by a local agency or school
11 district will be incurred because this act creates a new crime or
12 infraction, eliminates a crime or infraction, or changes the
13 penalty for a crime or infraction, within the meaning of Section
14 17556 of the Government Code, or changes the definition of a
15 crime within the meaning of Section 6 of Article XIII B of the
16 California Constitution.